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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: April 30, 2013  
Estimated average burden  
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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER  
8- 41804

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/2012 AND ENDING 12/31/2012  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **Breckenridge Securities Corporation**

OFFICIAL USE ONLY  
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

**945 E. Paces Ferry Road, Suite 1250**

(No. and Street)

**Atlanta**

**GA**

**30326**

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Larry C. Williams 404-965-1600

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

**Smith & Howard, PC**

(Name - if individual, state last, first, middle name)

**171 17th St NW, Suite 900**

**Atlanta**

**GA**

**30363**

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

Certified Public Accountant

Public Accountant

Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

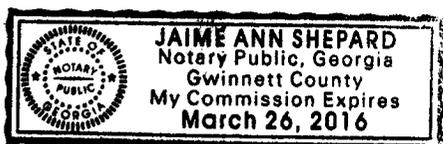
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OATH OR AFFIRMATION

I, Larry C. Williams, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Breckenridge Securities Corporation, as of February 22, 2013, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Larry C. Williams  
Signature  
PRESIDENT  
Title

Jaime Ann Shepard  
Notary Public

This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

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**BRECKENRIDGE SECURITIES CORP.**

**FINANCIAL STATEMENTS  
and  
SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2012**

**with  
INDEPENDENT AUDITORS' REPORT**

**SMITH & HOWARD**

*Certified Public Accountants and Advisers*

**BRECKENRIDGE SECURITIES CORP.**

**FINANCIAL STATEMENTS  
and  
SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2012**

**with  
INDEPENDENT AUDITORS' REPORT**

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**INDEPENDENT AUDITORS' REPORT**

**Board of Directors  
Breckenridge Securities Corp.**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Breckenridge Securities Corp., which comprise the balance sheet as of December 31, 2012, and the related statements of income, stockholders' equity and cash flows for the year then ended and the related notes to the financial statements that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Breckenridge Securities Corp. as of December 31, 2012, and the results of their operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Smith & Howard*

February 22, 2013

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**BRECKENRIDGE SECURITIES CORP.  
BALANCE SHEET  
DECEMBER 31, 2012**

**ASSETS**

Current Assets	
Cash and cash equivalents	\$ 24,142
Accounts receivable	10,000
Prepaid expenses	<u>8,502</u>
	<u>\$ 42,644</u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

Current Liabilities	
Accounts payable	\$ 1,486
Deferred fee income	<u>3,333</u>
	4,819
Stockholders' Equity	
Common stock, \$1 par value; 2,500 shares authorized 2,000 issued and outstanding	2,000
Additional paid-in capital	20,800
Retained earnings	<u>15,025</u>
	<u>37,825</u>
	<u>\$ 42,644</u>

The accompanying notes are an integral part of these financial statements.

**BRECKENRIDGE SECURITIES CORP.  
STATEMENT OF INCOME  
YEAR ENDED DECEMBER 31, 2012**

Income	
Fees	\$ 71,996
Interest income	<u>38</u>
	72,034
Administrative Expenses	<u>59,253</u>
Net Income	<u>\$ 12,781</u>

The accompanying notes are an integral part of these financial statements.

**BRECKENRIDGE SECURITIES CORP.  
STATEMENT OF STOCKHOLDERS' EQUITY  
YEAR ENDED DECEMBER 31, 2012**

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance at Beginning of Year	\$ 2,000	\$ 20,800	\$ 7,244	\$ 30,044
Distributions			(5,000)	(5,000)
Net Income	-	-	12,781	12,781
Balance at End of Year	<u>\$ 2,000</u>	<u>\$ 20,800</u>	<u>\$ 15,025</u>	<u>\$ 37,825</u>

The accompanying notes are an integral part of these financial statements.

**BRECKENRIDGE SECURITIES CORP.  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2012**

Cash Flows From Operating Activities	
Cash received from customers	\$ 69,394
Cash paid to suppliers and employees	(59,879)
Interest received	38
Net Cash Provided by Operating Activities	<u>9,553</u>
 Increase in Cash and Cash Equivalents	 9,553
Cash and Cash Equivalents, Beginning of Year	<u>14,589</u>
Cash and Cash Equivalents, End of Year	<u>\$ 24,142</u>
 Reconciliation of Net Loss to Net Cash Provided by Operating Activities	
Net Income	\$ 12,781
 Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities	
Increase in accounts receivable	(2,602)
Increase in prepaid expenses	(637)
Increase in accounts payable	11
Total adjustments	<u>(3,228)</u>
 Net Cash Provided by Operating Activities	 <u>\$ 9,553</u>

Schedule of Non-cash Investing and Financing Transactions:

The Company distributed to the stockholders an investment in shares of stock from a customer valued at \$5,000 during the year ended December 31, 2012.

The accompanying notes are an integral part of these financial statements.

**BRECKENRIDGE SECURITIES CORP.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES**

Nature of Business and Revenue Recognition – Breckenridge Securities Corp. (the "Company") participates in the private placement of debt and equity securities as an agent, not as a principal, for or on behalf of the issuers of such securities. All private placement activity is on a "best efforts" basis. Private placement transactions on behalf of issuers involve capital formation activity on behalf of such issuers, merger and acquisition advice related to such issuers, and other transactions which involve the private placement of securities. Revenues associated with these services are recognized upon completion of service for which the Company was engaged to perform. The Company does not engage in any securities trading activities, market making, or firm commitment underwriting, nor does it carry or maintain customer accounts, engage in securities clearing activities, or maintain or hold cash or securities of customers or offerees in connection with private placement transactions.

Basis of Accounting – The Company follows accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets accounting principles generally accepted in the United States of America ("GAAP").

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of one year or less to be cash equivalents.

Deferred Fee Income – Deferred fee income represents revenue that has been received in advance of being earned by the Company.

Use of Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events – Management has evaluated subsequent events through the date of this report which is the date the financial statements were available to be issued.

**BRECKENRIDGE SECURITIES CORP.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 2 – RELATED PARTY ARRANGEMENTS**

The Company has made arrangements with a related party, The Breckenridge Group, Inc. (The "Group"), to provide office space for the operations of the Company and to provide the Company with office support services, such as clerical, administrative, and bookkeeping/record keeping services.

The Company has entered into an agreement to perform certain investment banking and financial advisory services for The Group. Under the agreement, as amended, the Company receives an annual retainer not to exceed \$40,000. The agreement can be terminated by either party with a 30-day notice.

During 2012, \$39,996 in retainer fee revenue was earned from The Group and an additional \$22,000 in fee revenue was earned from The Group. The Company paid \$11,616 in office support services to The Group.

**NOTE 3 – INCOME TAXES**

The Company has elected to be treated as an S-Corporation. Under S-Corporation provisions of the Internal Revenue Code, the Company does not pay income taxes on its taxable income. Instead, the stockholders include their prorata share of the Company's income and expenses on their individual income tax returns.

The Company annually evaluates all federal and state income tax positions. This process includes an analysis of whether these income tax positions the Company takes meet the definition of an uncertain tax position under the Income Taxes Topic of the Financial Accounting Standards Codification.

During the normal course of business, the Company is subject to examination by the federal and state taxing authorities. In general, the Company is no longer subject to tax examinations for tax years ending before December 31, 2009.

**NOTE 4 – NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (8 to 1 in the first year) and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting indebtedness to net capital ratio would exceed 10 to 1. At December 31, 2012, the Company had net capital of \$19,273 which was \$14,273 in excess of its required net capital of \$5,000.

**SUPPLEMENTARY INFORMATION**

**INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION**

**Board of Directors  
Breckenridge Securities Corp.**

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Breckenridge Securities Corp. taken as a whole. The supplementary information presented hereinafter is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplementary information required by U. S. Securities and Exchange Commission pursuant to Section 17 of the Securities Act of 1934 and Rule 17a-5. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Smith & Howard*

February 22, 2013

**BRECKENRIDGE SECURITIES CORP.**  
**SCHEDULE OF COMPUTATION OF NET CAPITAL AND RECONCILIATION**  
**OF UNAUDITED COMPUTATION OF NET CAPITAL TO AUDITED**  
**COMPUTATION OF NET CAPITAL**  
**DECEMBER 31, 2012**

	<u>UNAUDITED</u>	NET CHANGE INCREASE (DECREASE)	<u>AUDITED</u>
Total ownership equity from balance sheet at December 31, 2012	\$ 37,825	\$ -	\$ 37,825
Add: liabilities subordinated to claims of general creditors	-	-	-
Deduct: other allowable credits: excess fidelity bond deduction	-	-	-
	<hr/>	<hr/>	<hr/>
Total capital and allowable subordinated liabilities and credits at December 31, 2012	37,825	-	37,825
Deduct: total non-allowable assets from balance sheet at December 31, 2012	<u>(18,502)</u>	<u>-</u>	<u>(18,502)</u>
Net capital before haircuts on security positions at December 31, 2012	19,323	-	19,323
Haircuts on securities at December 31, 2012	<u>(50)</u>	<u>-</u>	<u>(50)</u>
Net capital at December 31, 2012	<u>\$ 19,273</u>	<u>\$ -</u>	<u>\$ 19,273</u>

There are no material differences between the above computation and the corresponding computation contained in the unaudited FOCUS Report as of December 31, 2012.

**BRECKENRIDGE SECURITIES CORP.  
SCHEDULE OF CHANGES IN LIABILITIES  
SUBORDINATED TO GENERAL CREDITORS  
YEAR ENDED DECEMBER 31, 2012**

During the year ended December 31, 2012, there were no liabilities subordinated to general creditors.

## **Board of Directors Breckenridge Securities Corp.**

In planning and performing our audit of the financial statements of Breckenridge Securities Corp. (the "Company") as of and for the year ended December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the "Commission") , we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications and comparisons, and recordation of differences required by Rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

Management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's previously mentioned objectives.

Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined previously.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2012, to meet the Commission's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the Commission, Financial Industry Regulatory Authority (FINRA) and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

*Smith & Howard*

February 22, 2013

**SMITH & HOWARD**  
*Certified Public Accountants and Advisers*

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